

ORIGINAL

Subject: Urgent: 8/5 Open Meeting Follow-up
From: Abhay Padgaonkar <abhay.padgaonkar@gmail.com>
Date: 8/9/2020, 8:06 PM
To: lmarquezpeterson@azcc.gov
CC: Daniel Schwiebert <DPSchwiebert@azcc.gov>

Docket #: E-01345A-19-0003

Dear Commissioner Márquez Peterson:

A quick follow-up on the discussion on Agenda Item #12 (E-01345A-19-0003) during August 5, 2020 Open meeting. Thank you for reading our filing, for recognizing the importance of the questions we raised, and for taking the lead on wanting to have the answers to them as evidence in the pending Rate Case docket. As Ms. Mitchell advised, you, as a Commissioner, can file a letter in the pending Rate Case docket (**E-01345A-19-0236**) and pose any questions to APS that you want.

There is overwhelming evidence from the Staff/Overland Rate Review and Barbara Alexander Customer Education Plan Evaluation that APS is solely responsible for the current situation.

1. APS's rate design is deeply flawed as it moved vast majority of customers to complex, unfamiliar, time-of-use/demand plans that are extremely difficult to understand/manage for vast majority of customers.
2. APS's rate migration moved vast majority of its customers onto "most like" plans that APS knew were not the most economical plans. APS did nothing about it until compelled by the Commission to provide pro forma billing and was left with no choice but to fix the Rate Comparison tool.
3. To make matters worse, APS's Customer Education and Outreach was a dismal failure because it failed to include essential components of a reasonable customer education plan and failed to establish any measurable performance metrics.
4. Finally, APS's faulty Rate Comparison tool has overtly steered hundreds of thousands of customers to more expensive plans since the rate increase in Aug. 2017 until Feb 2020 when the revised tool was launched.

With that in mind, APS should not be allowed to benefit to the tune of \$100+ million annually from having half its customer base on the wrong plan for years on end. That is unfair, unjust, and unreasonable. That alone should be reason enough for a drastic rate **decrease** in the pending rate case. As neither Ms. Champion nor I are intervenors in the pending rate case, here are specific, MEP-related questions I would urge you to ask APS in the pending rate case docket (**E-01345A-19-0236**). I am also providing them to Comm. Kennedy. Maybe the two of you can file a joint letter in the pending Rate Case docket since both of you have shown interest in them.

1. Number of Non-MEP Customers: How many A) Residential customers and B) Non-Residential customers were not on their Most Economic Plan (MEP) as of June 30, 2020?

2. Average Annual Bill Impact: How much more on average were these A) Residential Non-MEP customers and B) Non-residential Non-MEP customers paying annually over and above their MEP plan as of June 30, 2020?

3. Additional Non-MEP APS Revenue: How much additional annual revenue was APS receiving as of June 30, 2020 from" A) Residential Non-MEP customers and B) Non-Residential Non-MEP customers as a result of #1 and #2 above?

The answers to these 3 questions could simply be submitted as follows by sector. FYI, I have used the residential sector example Comm. Kennedy used during the August 5, 2020 Open Meeting starting at the **3:28:00** mark (https://azcc.granicus.com/player/clip/4054?view_id=3) for illustrative purposes.

APS NON-MEP ANNUAL REVENUE	A) Residential Sector	B) Non-Residential Sector
1. # of non-MEP Customers	571,000	
2. Avg. Annual Bill Impact	\$300	
3. Additional APS Revenue (#1*#2)	\$171,300,000	

4. Prior Years: Similar to above in #3, how much additional annual revenue did APS receive in 2017, 2018, and 2019 from: A) Residential Non-MEP customers and B) Non-Residential Non-MEP customers?

5. 53% Benchmark: Provide specific citation in any docket for any contemporaneous evidence that APS may have filed, showing that APS used 53% MEP percentage projection in the 2017 Rate Case.

As always, please let me know if you have any questions or if I can assist further.

Thanks.

Abhay Padgaonkar

abhay@pobox.com | (602) 628-1234



This email has been checked for viruses by Avast antivirus software.

www.avast.com

Subject: Urgent: 8/5 Open Meeting Follow-up

From: Abhay Padgaonkar <abhay.padgaonkar@gmail.com>

Date: 8/9/2020, 8:04 PM

To: sdkennedy@azcc.gov

CC: Maren Mahoney <mmahoney@azcc.gov>

Dear Commissioner Kennedy:

A quick follow-up on the discussion on Agenda Item #12 (E-01345A-19-0003) during the August 5, 2020 Open Meeting.

Thank you for getting on the record that the MEP % has barely budged in years and the fact that even at \$25 per month negative bill impact to 571,000 Non-MEP customers adds an extra **\$171.3 million** to APS's coffers annually. I agree with you that that is absolutely an alarming number. What is even more shocking is that by claiming that the additional revenue is not "revenue surplus," APS is also claiming that it is entitled to it! Don't you think that if the shoe were on the other foot, APS would be asking for an emergency rate increase? It is clear that it is simply not in APS's interest to increase the MEP % — notwithstanding all its grandstanding and head-scratching. Why would a monopoly walk away from \$100+ million of easy money each year when it can blame the victims?

The fact, however, is that there is overwhelming evidence from the Staff/Overland Rate Review and Barbara Alexander Customer Education Plan Evaluation that APS is solely responsible for the current situation. APS has not only failed to empower ratepayers, but actively misled them — and, as a result, is greatly benefiting from it to the tune of \$100+ million annually from having more than half its residential customer base on the wrong plan for years on end. That is unfair, unjust, and unreasonable. That alone should be reason enough for a massive rate **decrease** in the pending rate case!

1. APS's rate design is deeply flawed as it moved vast majority of customers to complex, unfamiliar, time-of-use/demand plans that are extremely difficult to understand/manage for vast majority of customers.
2. APS's rate migration moved vast majority of its customers onto "most like" plans that APS knew were not the most economical plans. APS did nothing about it until compelled by the Commission to provide pro forma billing and was left with no choice but to fix the Rate Comparison tool.
3. To make matters worse, APS's Customer Education and Outreach was a dismal failure because it failed to include essential components of a reasonable customer education plan and failed to establish any measurable performance metrics.
4. Finally, APS's faulty Rate Comparison tool has overtly steered hundreds of thousands of customers to more expensive plans since the rate increase in Aug. 2017 until Feb 2020 when the revised tool was launched.

So long-lasting damage has already been done and APS reaping the benefits! As I have said all along — no amount of internal/external communication or customer education and program outreach would have been enough to overcome the flawed rate design, the devious rate migration, and the faulty rate advice for years.

As you rightly said, APS provides lip service and pretends not to understand the questions. And as I demonstrated, APS provides misleading or incomplete answers and minimizes impact to the ratepayers. With that in mind, to get APS on the written record for the Non-MEP additional revenue in the pending Rate Case docket (**E-01345A-19-0236**), I would urge you to ask the following specific, MEP-related questions that I am also providing to Comm. Márquez Peterson. Maybe the two of you can file a joint letter in the pending Rate Case docket since both of you have shown interest in this topic.

1. Number of Non-MEP Customers: How many A) Residential customers and B) Non-Residential customers were not on their Most Economic Plan (MEP) as of June 30, 2020?

2. Average Annual Bill Impact: How much more on average were these A) Residential Non-MEP customers and B) Non-residential Non-MEP customers paying annually over and above their MEP plan as of June 30, 2020?

3. Additional Non-MEP APS Revenue: How much additional annual revenue was APS receiving as of June 30, 2020 from: A) Residential Non-MEP customers and B) Non-Residential Non-MEP customers as a result of #1 and #2 above?

The answers to these 3 questions could simply be submitted as follows by sector. FYI, I have used the residential sector example you used during the August 5, 2020 Open Meeting starting at the **3:28:00** mark (https://azcc.granicus.com/player/clip/4054?view_id=3) for illustrative purposes.

APS NON-MEP ANNUAL REVENUE	A) Residential Sector	B) Non-Residential Sector
1. # of non-MEP Customers	571,000	
2. Avg. Annual Bill Impact	\$300	
3. Additional APS Revenue (#1*#2)	\$171,300,000	

4. Prior Years: Similar to above in #3, how much additional annual revenue did APS receive in Calendar Year 2017, 2018, and 2019 from: A) Residential Non-MEP customers and B) Non-Residential Non-MEP customers?

5. 53% Benchmark: Provide specific citation in any docket for any contemporaneous evidence that APS may have filed, showing that APS used 53% MEP percentage projection in the 2017 Rate Case.

Please let me know if you have any questions or if I can provide additional information or clarification.

Thanks.

Abhay Padgaonkar

abhay@pobox.com | (602) 628-1234



This email has been checked for viruses by Avast antivirus software.

www.avast.com

Subject: Fwd: Urgent: 8/5 Open Meeting Follow-up
From: Abhay Padgaonkar <abhay.padgaonkar@gmail.com>
Date: 8/10/2020, 10:21 AM
To: Michael Clark <wmclark@azcc.gov>
CC: Justin Olson <JOlson@azcc.gov>

Michael,

I am glad to hear that Comm. Olson is planning to docket a letter. Because both Comm. Márquez Peterson and Comm. Kennedy raised important questions during the Open Meeting, I sent both of them additional questions (see below) and urged them to docket them in the pending rate case docket for the record.

Thanks.

Abhay

----- Forwarded Message -----

Subject:Urgent: 8/5 Open Meeting Follow-up
Date:Sun, 9 Aug 2020 20:06:08 -0700
From:Abhay Padgaonkar <abhay.padgaonkar@gmail.com>
To:lmarquenzpeterson@azcc.gov
CC:Daniel Schwiebert <DPSchwiebert@azcc.gov>

Dear Commissioner Márquez Peterson:

A quick follow-up on the discussion on Agenda Item #12 (E-01345A-19-0003) during August 5, 2020 Open meeting. Thank you for reading our filing, for recognizing the importance of the questions we raised, and for taking the lead on wanting to have the answers to them as evidence in the pending Rate Case docket. As Ms. Mitchell advised, you, as a Commissioner, can file a letter in the pending Rate Case docket (**E-01345A-19-0236**) and pose any questions to APS that you want.

There is overwhelming evidence from the Staff/Overland Rate Review and Barbara Alexander Customer Education Plan Evaluation that APS is solely responsible for the current situation.

1. APS's rate design is deeply flawed as it moved vast majority of customers to complex, unfamiliar, time-of-use/demand plans that are extremely difficult to understand/manage for vast majority of customers.
2. APS's rate migration moved vast majority of its customers onto "most like" plans that APS knew were not the most economical plans. APS did nothing about it until compelled by the Commission to provide pro forma billing and was left with no choice but to fix the Rate Comparison tool.
3. To make matters worse, APS's Customer Education and Outreach was a dismal failure because it failed to include essential components of a reasonable customer education plan and failed to establish any measurable performance metrics.
4. Finally, APS's faulty Rate Comparison tool has overtly steered hundreds of thousands of customers to more expensive plans since the rate increase in Aug. 2017 until Feb 2020 when the revised tool was launched.

With that in mind, APS should not be allowed to benefit to the tune of \$100+ million annually from having half its customer base on the wrong plan for years on end. That is unfair, unjust, and unreasonable. That alone should be reason enough for a drastic rate **decrease** in the pending rate case. As neither Ms. Champion nor I are intervenors in the pending rate case, here are specific, MEP-related questions I would urge you to ask APS in the pending rate case docket (**E-01345A-19-0236**). I am also providing them to Comm. Kennedy. Maybe the two of you can file a joint letter in the pending Rate Case docket since both of you have shown interest in them.

1. Number of Non-MEP Customers: How many A) Residential customers and B) Non-Residential customers were not on their Most Economic Plan (MEP) as of June 30, 2020?

2. Average Annual Bill Impact: How much more on average were these A) Residential Non-MEP customers and B) Non-residential Non-MEP customers paying annually over and above their MEP plan as of June 30, 2020?

3. Additional Non-MEP APS Revenue: How much additional annual revenue was APS receiving as of June 30, 2020 from" A) Residential Non-MEP customers and B) Non-Residential Non-MEP customers as a result of #1 and #2 above?

The answers to these 3 questions could simply be submitted as follows by sector. FYI, I have used the residential sector example Comm. Kennedy used during the August 5, 2020 Open Meeting starting at the **3:28:00** mark (https://azcc.granicus.com/player/clip/4054?view_id=3) for illustrative purposes.

APS NON-MEP ANNUAL REVENUE	A) Residential Sector	B) Non-Residential Sector
1. # of non-MEP Customers	571,000	
2. Avg. Annual Bill Impact	\$300	
3. Additional APS Revenue (#1*#2)	\$171,300,000	

4. Prior Years: Similar to above in #3, how much additional annual revenue did APS receive in 2017, 2018, and 2019 from: A) Residential Non-MEP customers and B) Non-Residential Non-MEP customers?

5. 53% Benchmark: Provide specific citation in any docket for any contemporaneous evidence that APS may have filed, showing that APS used 53% MEP percentage projection in the 2017 Rate Case.

As always, please let me know if you have any questions or if I can assist further.

Thanks.

Abhay Padgaonkar

abhay@pobox.com | (602) 628-1234



This email has been checked for viruses by Avast antivirus software.

www.avast.com

Subject: Fwd: Energy Tools, LLC Report
From: Abhay Padgaonkar <abhay.padgaonkar@gmail.com>
Date: 8/8/2020, 11:45 AM
To: bdunn@azcc.gov
CC: EFordFaulhaber@azcc.gov

Dear Commissioner Dunn:

A quick follow-up on the discussion on Agenda Item #12 (E-01345A-19-0003) during August 5, 2020 Open meeting. Thank you for getting a commitment from Mr. Abinah to have the consultant's report on the rate comparison tool docketed by the end of next week without major alterations!

I wish you had asked Mr. Abinah why he was planning to file the report on Monday for a Wednesday agenda item. It's a good thing that there was a delay. Without it, the report would have been dumped at the last minute and provided completely inadequate time to all parties for a thorough review of the report. (See email below.) I also wish you had asked why Mr. Abinah thinks it's his job to correct consultant's typos. Nevertheless, **I do hope that you would formally ask Mr. Abinah plans to have the consultant available for questioning by Commissioners when the item is next on the agenda after the report is released so that we don't have a repeat of the Overland situation.**

A quick reminder: It is undisputed that the Rate Comparison tool was broken and making incorrect plan recommendations when I brought the issue to the Commission's attention in November 2019. (<https://docket.images.azcc.gov/E000003679.pdf>). APS tried to paper over the issue by claiming that: a) it was unaware of the issue until then and b) that the data problem related to the "peak hour shift error" began in February 2019. **I have already provided substantial evidence to the Commission that both those APS contentions were false.** I have explained it in great detail in my various filings: <https://docket.images.azcc.gov/E000004003.pdf>, <https://docket.images.azcc.gov/E000004185.pdf>, and <https://docket.images.azcc.gov/E000004431.pdf>.

This slide in the third filing explains the concept of the 7-8 PM hour deficiency the best and concludes that it led to the same result as the "peak hour shift error" that APS has owned up to.

SAME RESULT → Wrong Plan Advice

- This baffling, across-the-board, “nobody will change anything” assumption led to **exactly the same result** as the Peak Hour Shift Error.

NEW BILLED PEAK							
12-1 PM	1-2 PM	2-3 PM	3-4 PM	4-5 PM	5-6 PM	6-7 PM	7-8 PM
1	1	1	1	1	1	1	10

OLD BILLED PEAK

- There were more than 88,000 customers on the ECT-2 plan and more than 260,000 customers on the ET-2 plan who would have been similarly misled since AUGUST 2017 (online, through letters/postcards, and by APS customer service) and potentially steered to a wrong plan by assuming that the off-peak 7-8 PM high usage would continue unchanged even under the new rates.

- **More expensive new plan recommendations**
- **Incorrect current/future annual cost estimates**
- **Erroneous projections of future savings/costs**

8

The bottom line is that the Rate comparison tool, since its inception, had a systemic deficiency: It had been making wrong plan recommendations to hundreds of thousands customers because it had always treated the M-F, 7-8 PM hour's historical usage that it used as the basis as on-peak despite the fact that the 7-8 PM hour was off-peak when that usage was captured prior to the 2017 rate increase. There have been multiple ratepayer complaints in the docket (e.g., Complaint No. 2017 - 144731) raising exactly the same issue going back to 2017.

Unfortunately, I am not at all confident that the pending consultant report will do justice to this 7-8 PM hour issue and wrong plan recommendations emanating from it since 2017. The reason is that the RFP that Staff sent out was already biased and had attempted to steer the future work away from this issue going back to 2017. I know it gets a little technical, but I do hope that you will keep this history, findings, and evidence in my past and future filings in mind when reviewing the report when it does become available.

As always, please let me know if I can assist further.

Thanks.

Abhay Padgaonkar

abhay@pobox.com | (602) 628-1234

----- Forwarded Message -----

Subject:Energy Tools, LLC Report

Date:Tue, 4 Aug 2020 11:28:40 -0700

From:Stacey Champion <sc@champion-pr.com>

To:Bob Burns <rburns@azcc.gov>, Sandra D. Kennedy <sdkenney@azcc.gov>, jolson@azcc.gov, imarquezpetereson@azcc.gov, bdunn@azcc.gov, Maren Mahoney <mmahoney@azcc.gov>

CC:Abhay Padgaonkar <abhay.padgaonkar@gmail.com>

Hi,

It has been 8+ months since Mr. Padgaonkar and I brought the flawed rate comparison tool to light. This Energy Tools, LLC report was supposed to be done in May, then June, and it's now August 4th -- and STILL NO REPORT.

As this item is on the Open Meeting agenda for TOMORROW, and as an Intervenor in this docket, I would like an answer as to when this report is going to be filed. The renewable energy standards were "punted" because you all apparently hadn't had time to review the various amendments, etc.

Is this the same game we're playing here? Just keep kicking the can until next year? This is absolutely ridiculous... Where is the report???

Best,



Stacey Champion

Mistress of Publicity

Champion PR + Consulting

Tel: 602.788.0033

sc@champion-pr.com | www.champion-pr.com

Twitter: @ChampPR

2828 N. Central Ave. 10th Floor
Phoenix, AZ 85004



This email has been checked for viruses by Avast antivirus software.

www.avast.com